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சென்செக்ஸ்
34,597 ▲ 146.37

நிஃப்டி 50
10,606 ▲ 21.45

கோல்டு (எம்சிஎக்...
31,272.00 ▼ -5.00

யுஎஸ்டி/ஐஎ...
66.38 ▼ -0.11

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Your bank could soon charge you for ATM transactions, cheques & cards

BY DEEPSHIKHA SIKARWAR, ET BUREAU | UPDATED: APR 24, 2018, 09.08 AM IST

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The tax department has asked country's top lenders including [State Bank of India](#), [HDFC Bank](#), [ICICI Bank](#), [Axis Bank](#) and [Kotak Mahindra Bank](#) to pay tax that could run into thousands of crores, on 'free services' provided to customers maintaining a minimum account balance, with retrospective effect.

Show cause notices have been issued by the Directorate General of Goods and Services Tax Intelligence (DGGST) and is likely to be made on other banks as well. The tax will be levied for the last five years, the period for which past [service tax](#) cases can be opened, said a senior official aware of the details.

The tax is being calculated after taking into account charges recovered by banks from customers who do not maintain a minimum account balance. This per account charge, for those who keep a minimum balance, is being considered as the deemed value of the service being provided by the bank to its customers and tax is being levied on this amount.

Banks are worried as they cannot retrospectively recover tax from customers. Customers would have to bear the burden going ahead if the tax is upheld. Banks are likely to contest claims of the department and also take it up with the government, an official with a lender that has received the notice said.

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Tax Tangle

**LEVY SOUGHT FOR
LAST 5 YRS; it may
cover all banks**



I-T DEPT SAYS
service tax
should be levied
on free bundled
services

THESE TAXES
could be
passed on to
customers
going ahead

**Total tax liability
could be about
₹6,000cr
or more**

**Banks are worried
as they can't
retrospectively recover
tax from customers**

“Some notices have been issued and some are in the process of being issued. All banks taking these charges would be show caused,” the official said.

“We are in receipt of the said notice, which we understand, relates to an industry-wide matter. We are, currently, engaged with experts to

evaluate the observations made in the SCN” (show cause notice),” said an Axis Bank spokesperson.

Emails sent to SBI, HDFC Bank, ICICI Bank and Kotak Mahindra Bank did not elicit any response.

“These notices also cover period prior to launch of GST when service tax was levied,” said another official privy to the development.

Total tax liability could be about Rs 6,000 crore according to this official, but bankers fears it could be much more.

SERVICE ELEMENT

The DGGST had initiated an inquiry into various services offered by banks to their customers for which they collect some charges or come bundled free with accounts where customer is required to maintain a minimum balance.

Fee-based services include ATM transactions beyond a certain number, refund of fuel surcharge, issue of cheque books and debit card among others. These levies are, however, waived off for accounts that maintain a certain minimum balance or for privileged customers. These services or benefits to customers are treated as a ‘deemed service’ under the Service Tax law.

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